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Country cooperation frameworks and related matters

**Extension of the first country cooperation framework for
the Lao People's Democratic Republic**

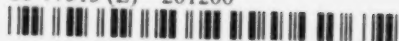
Note by the Administrator

Period of extension:

1 January 2001 to 31 December 2001

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I. Background and justification

1. The first country cooperation framework (CCF) for the Lao People's Democratic Republic was approved by the Executive Board at its second regular session in March 1997 for the period 1997 to 2000. An extension of the CCF by one year (until end 2001) will: (a) facilitate the harmonization of programme periods with the other United Nations agencies, in particular with the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA); (b) allow United Nations agencies to continue working towards joint-planning exercises in identifying common areas for development intervention and to enhance inter-agency collaboration supported by the United Nations Development Assistance Framework (UNDAF); and (c) enable UNDP to develop and implement its ongoing programmes and projects in the areas targeted under the existing CCF, reflecting the conclusions and recommendations of the country review carried out in early 2000. The Resident Representative has developed an action plan mapping out the progress made towards harmonization. The action plan is being closely monitored and updated and has been endorsed by all agency chiefs. An extension of the CCF will also provide an opportunity to incorporate the results and outcomes of the round-table process, which commenced in January 2000, and will feature the seventh round-table meeting to be held in November 2000 at Vientiane and follow-up consultations.

II. Objectives

2. CCF covers three main thematic areas: rural community development, management of economic transition, and environment and natural-resource management.

A. Rural development

3. Under the thematic area of rural development, the main projects focus on income-generating activities and the provision of micro-finance services at the community level. The objective is to build institutional capacities to plan, implement and monitor development activities with increased participation and coordination among technical departments. Projects at the government level are geared to improving government

coordination of rural development assistance, while at the local level, the SESMAC (strengthening economic and social management capacity) project aims to develop capacity in two provinces. Several programmes are clearing land for food production and reducing the risks to the rural population of unexploded ordinances.

4. Sustainability has been achieved in planning and coordination at the national level. This is visible in: (a) the availability of well-drafted, national rural-development policies and programmes; (b) institutional capacity-building at the provincial and district level, which will provide better planning and management and will have better cross-sectoral and aid coordination; (c) the enhanced capacity and efficiency in technical and managerial tasks in project implementation; and (d) poverty alleviation, where rural communities will be able to increase food security and income through diversified farm and non-farm activities. Irrigation schemes appear to be well designed and maintenance systems more sustained. There is, however, a need to refocus projects so that their impact will be greater.

B. Management of economic transition

5. The management of economic transition focuses on three areas: assistance in administrative reform, with emphasis on capacity-building in key line ministries and on the National Assembly; social development including social security, gender issues, HIV/AIDS and the trafficking in women and children; and helping the country to enter the mainstream of international affairs, by promoting its membership in the Association of South-East Asian Nations (ASEAN) and by preparing it for the World Trade Organization (WTO) membership. Projects in public administration, the legal sector and the National Assembly have contributed considerably to both institutional building and the decentralization process in the economic transition towards a market economy. The capacity-building process has the potential to make headway in transition activities. However, since the concept of a market economy was introduced fairly recently in the 1980s, it is too early to assess the long-term impact as project implementation has yet to be carried out.

6. Capacity-building through education, training and study tours have benefited Lao government officials, allowing greater understanding and discussion on the

market economy. The projects within this theme have so far been successful in skill development. As the principles of a market economy were only recently introduced, progress was initially slow, but there were significant signs of improvement towards the end of the review period. Although the sustainability of these efforts remains to be determined, several prerequisites should be addressed: (a) greater government ownership is needed, including financial responsibility, and (b) efforts to minimize the turnover of government project personnel.

C. Environment and natural-resource management

7. Environment and natural-resource management aims at assisting the Government to expand its environmental management and conservation programme through a set of projects both at the national and provincial level by enhancing human-resource capacity. The first category of projects aims at building technical and management capacity so that the country can handle contract negotiations with investors and carry out the proper monitoring and implementation of investment projects, particularly in the hydropower, mining, agriculture and forestry sectors. The second category of projects focuses on management and technical capacity-building targeting the Science, Technology and Environment Agency (STEA) of the Office of the Prime Minister to fulfil its mandate of oversight and coordination of all environment matters. The third category of projects aims at solving problems associated with the pollution induced by increasing the urbanization and access of poor communities to urban services.

8. In this thematic area, STEA has increasingly assumed ownership of projects in its portfolio, with emphasis on addressing recurrent costs (in terms of staffing and equipment maintenance and replacement) upon completion of activities. Plans for further development of the major hydro-projects and the development of model contracts for build-operate-transfer (BOT) agreements with independent power producers (IPP) with the United Nations Industrial Development Organization (UNIDO) assistance have the potential to expand UNDP assistance in a more upstream direction and catalytic level that would ensure greater sustainability. It is necessary to continue: (a) building constituencies for environment

planning and management, both at the national and provincial levels; (b) helping the Government to formulate its policy framework for the management, use and conservation of the country's biodiversity; (c) providing assistance to fulfil the country's international obligations in the environment sector; and (d) promoting the Global Environment Facility (GEF) programme as an advocacy tool for new types of partnerships for development.

9. Among the urgent priorities, the extension period will help to bring the round-table process to a successful conclusion, including: (a) transforming the outcomes of the round-table meeting and ancillary processes into a new CCF framework; (b) reinforcing the operational and policy collaboration with the Bretton Woods institutions on the poverty reduction strategy papers (PRSP) process; (c) providing policy support to national information and communication technologies for development projects; and (d) consolidating the implementation mechanisms and structures for the legislative and judicial reform programme. This extension will also help bring to an end remaining project activities and mitigate key constraints affecting the implementation of ongoing projects in the current CCF, such as the lack of trained government personnel.

III. Recommendation

10. The UNDP Administrator wishes to inform the Executive Board that he has approved the extension of the first country cooperation framework for the Lao People's Democratic Republic for a period of one year, from 1 January 2001 to 31 December 2001.